

D.P.U. 94-8A

Application of Western Massachusetts Electric Company:

(1) under the provisions of G.L. c. 164, § 94G and the Company's tariff, M.D.P.U. 704, for approval by the Department of Public Utilities of a change in the quarterly fuel charge to be billed to the Company's customers pursuant to meter readings in the billing months of March, April and May 1994; and

(2) for approval by the Department of rates to be paid to Qualifying Facilities for purchases of power pursuant to 220 C.M.R. 8.00. The rules established in 220 C.M.R. 8.00 set forth the filings to be made by electric utilities with the Department, and implement the intent of sections 201 and 210 of the Public Utilities Regulatory Policies Act of 1978.

APPEARANCE:

Stephen Klionsky, Esq.
Northeast Utilities Service Company
260 Franklin St., 21st floor
Boston, Massachusetts

FOR: WESTERN MASSACHUSETTS ELECTRIC
COMPANY

Petitioner

I. INTRODUCTION

On February 3, 1994, pursuant to G.L. c. 164, § 94G and 220 C.M.R. 8.00, Western Massachusetts Electric Company ("WMECo" or "Company") filed with the Department of Public Utilities ("Department") a proposed quarterly change to its fuel charge in conformance with its tariff, M.D.P.U. 704, and to its Qualifying Facility ("QF") power purchase rates in conformance with its tariff, M.D.P.U. 586. The Company requested that both these changes be effective for bills issued pursuant to meter readings for the billing months of March, April and May, 1994. This matter was docketed as D.P.U. 94-8A.

Pursuant to notice duly issued, a public hearing on the Company's application was held on February 18, 1994 at the Department's offices in Boston. Notice of the hearing was published in the Springfield Daily News, the Greenfield Recorder Gazette, the Berkshire Eagle, the Daily Hampshire Gazette, and the Boston Globe. The Company also complied with the requirement to mail a copy of the notice of the hearing to all persons with whom the Company has special retail contracts that do not incorporate a filed rate, and to all intervenors and their respective counsel from the Company's prior two fuel charge proceedings. No petitions for leave to intervene were filed.

At the hearing, the Company sponsored two witnesses: Robert A. Baumann, manager of fuel accounting and recovery, and Lisa M. Cooper, senior analyst in fuel accounting and recovery. The Company submitted three exhibits and responded to one record request.

The Company is a wholly-owned subsidiary of Northeast Utilities ("NU") of Hartford,

Connecticut, a public utility holding company. NU's other subsidiaries, affiliates of WMECo, include Connecticut Light and Power Company, Holyoke Water Power Company, Northeast Nuclear Energy Company, Charter Oak Energy, Inc., and Northeast Utilities Service Company ("NUSCo"), which provides engineering, technical and other services for NU companies. Two other subsidiaries, Rocky River Realty Company and Quinnehtuk Company, are involved in real estate matters. WMECo receives some of its power requirements pursuant to contractual rights from utilities both within and without the NU system. In addition, WMECo owns nine generating units. WMECo is engaged in the generation, transmission, and distribution of electric power to serve, on average during 1992, 191,912 customers in its service territory, which includes over 50 cities and towns in Western Massachusetts. WMECo's total sales to ultimate customers, as shown in its 1992 financial report provided to the Department, were \$385,698,813.

II. FUEL CHARGE

On February 11, 1994, the Company filed with the Department its proposed changes to its fuel charge and QF power purchase rates for the months of March, April, and May, 1994. For these billing months, the Company proposes a fuel charge of \$0.00333 per kilowatthour ("KWH") (Exh. WM-3).¹ The proposed fuel charge is \$0.00572 per KWH less than the fuel charge of \$0.00905 per KWH approved by the Department in Western Massachusetts Electric Company, D.P.U. 93-8D (1993) for meter readings for the billing months of December, 1993, and January and February, 1994.

1 The fuel adjustment clause of \$0.00365 per KWH as proposed in its February 11, 1994 filing (Exh. WM-1), was subsequently revised on February 18, 1994 to \$0.00333 per KWH (Exh. WM-3).

The Company's witness, Ms. Cooper, stated that the primary reasons for the decrease in the proposed fuel charge are (1) lower forecasted energy expenses in the proposed billing quarter compared to the current billing quarter, and (2) a negative prior period reconciliation (Tr. at 8, Exhs. Wm-1, Wm-2, Wm-3). The Company stated that the lower forecasted energy expense is due to lower forecasted loads (Tr. at 9; Exh. Wm-3). The Company stated that it expects a reduction in both space heating load, due to warmer weather, and lighting load, due to increased daylight hours, in the months of March, April, and May, 1994 (Tr. at 10). In addition, Mr. Baumann testified that the expected increase in hydroelectric contribution in the coming quarter, due in part to a large amount of melting snow, and nuclear generation being spread over lower kilowatthour sales, will also contribute to lower energy expenses (id. at 10, 21, 22).

With regard to the negative prior period reconciliation, the Company stated that it received higher than forecasted actual capacity credits in the current quarter through the NUG&T allocation, which affected the prior period reconciliation (Exh. WM-3). The Company's witness testified that capacity sales contracts included in the NUG&T allocation typically run from the beginning of November to the end of October (Tr. at 26). However, a few of the contracts expired in November, 1993 and the Company inadvertently excluded the capacity sales made under those contracts in November from its current quarter forecast (id. at 26-27).

Included in the Company's proposed fuel charge are forecasted replacement power costs associated with the forced outage of Connecticut Yankee (id. at 13, 14; Exh. WM-3). On February 12, 1994, Connecticut Yankee was put on an unscheduled outage for repairs to its

service water system and is expected to remain out of service until March 19, 1994 (Tr. at 13, 14, 18, 19, 20). The Company still expects higher overall nuclear contribution in the upcoming quarter due to (1) Millstone I coming back on line early in the quarter, and (2) the forecasted decrease in loads (id. at 21).

III. QUALIFYING FACILITIES

Pursuant to the Department's rules, 220 C.M.R. 8.00 et seq., rates to be paid to QFs for short-run power purchases are set with the same frequency as the fuel charge. A QF is a small power producer or cogenerator that meets the criteria established by the Federal Energy Regulatory Commission in 18 C.F.R. § 292.203(a) and adopted by the Department in 220 C.M.R. § 8.02.

Pursuant to the governing regulations, the Company is required to calculate short-run energy purchase rates on a time-of-supply basis for two rating periods: peak and off-peak. In addition, the Company is required to calculate a non-time-differentiated rate, i.e., a total period rate, which is a weighted average of the time-of-supply rates, where the weighting is a function of the number of hours in each rating period. See 220 C.M.R. § 8.04(4)(b).

The Company proposed the following standard rates to be paid to QFs during March, April and May 1994:

Energy Rates By Voltage Level (Cents/KWH)

<u>Voltage Level</u>	<u>Peak</u>	<u>Off-Peak</u>	<u>Total</u>
Transmission	1.871	1.434	1.642
Bulk Substation	1.880	1.438	1.649
Service at Primary Distribution From:			
23 kV	1.921	1.461	1.678
13.8 kV	1.943	1.472	1.696
4.8/8.3 kV	2.071	1.526	1.781

Energy Rates By Voltage Level (Cents/KWH)

<u>Voltage Level</u>	<u>Peak</u>	<u>Off-Peak</u>	<u>Total</u>
Service at Secondary Distribution From:			
23 kV Primary	1.971	1.485	1.714
13.8 kv Primary	1.995	1.496	1.732
4.8/8.3 kV Primary	2.125	1.550	1.818

RR-DPU-1

The short-run capacity rate proposed for this quarter is zero (RR-DPU-1, at 15 of 16).

IV. FINDINGS

Based on the foregoing, the Department finds:

1. That the fuel charge to be applied to Company bills issued pursuant to meter readings for the billing months of March, April and May 1994, shall be .00333 per KWH. (The calculation of the fuel charge is shown in Table 1 attached to this Order.)
2. That the Qualifying Facility power purchase rates for March, April and May 1994 shall

be the rates set forth in Section III, above.

V. ORDER

Accordingly, after due notice, hearing and consideration, it is

ORDERED: That the Western Massachusetts Electric Company is authorized to put into effect a quarterly fuel charge of \$.00333 per KWH as set forth in Section IV, Finding 1 of this Order for bills issued pursuant to meters reading for the billing months of March, April and May 1994, subject to refund; and it is

FURTHER ORDERED: That the fuel charge approved herein shall apply to kilowatthours sold to the Company's customers subject to the jurisdiction of the Department and shall be itemized separately on all such customers' electric bills; and it is

FURTHER ORDERED: That the Company's Qualifying Facility power purchase rates for the billing months of March, April and May 1994 shall be those set forth in the Table on page 5 of this Order; and it is

FURTHER ORDERED: That the Company, in all future fuel charge proceedings, shall notify all intervenors and their respective counsel from the Company's prior two fuel charge proceedings that it is proposing an adjustment to its fuel charge, and shall also notify these persons of the date scheduled for the hearing on the proposed fuel charge at least ten days in advance of the hearing; and it is

FURTHER ORDERED: That the Company, in all future fuel charge proceedings, shall provide all intervenors and their respective counsel from the prior two fuel charge proceedings with a copy of its fuel charge filing, in hand or by facsimile, on the same day it is filed with the

Department; and it is

FURTHER ORDERED: That, pursuant to G.L. c. 164, § 94G (a) and (b), fuel costs allowed by this Order are subject to such disallowance as the Department may determine in any subsequent investigation of the Company's performance period that includes the quarter applicable to the present charges; and it is

FURTHER ORDERED: That the Company shall comply with all other directives contained herein.

By Order of the Department,